Annual Report 1984

Saskatchewan Natural Products Marketing Council

85-4050/

ANNUAL REPORT

1984

SASKATCHEWAN NATURAL

PRODUCTS MARKETING

COUNCIL

Duties of Council

The Natural Products Marketing Council is established under The Natural Products Marketing Act, R.S.S. 1978. This Act allows for the creation of marketing boards and marketing commissions for farm products in Saskatchewan. The duties of the Natural Products Marketing Council are outlined in section 7 of the Act:

"The Council shall:

(a) advise the Minister on all matters relating to the establishment and operation of boards, commissions, and any agencies empowered to act under this Act;

(b) be responsible to the Minister for the operation and administration of boards and commissions and for that purpose, shall make and enforce such regulations as may from time to time be approved by the Lieutenant Governor in Council;

(c) conduct or supervise votes on marketing plans as required by the Lieutenant Governor in Council or the Minister;

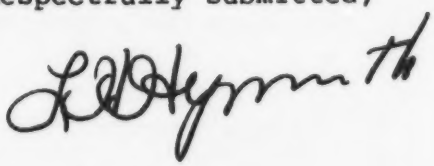
(d) perform such other duties relating to the marketing of natural products as the Minister may require."

To His Honour
The Honourable Fredrick W. Johnson
Lieutenant Governor of the Province
of Saskatchewan

Sir:

I have the honour to submit the 1984 Annual Report of the Saskatchewan Natural Products Marketing Council.

Respectfully submitted,



Lorne H. Hepworth
Minister of Agriculture

Honourable Lorne H. Hepworth
Minister of Agriculture
Legislature of Saskatchewan
REGINA, Saskatchewan
S4S 0B3

Dear Dr. Hepworth:

In accordance with section 10 of The Natural Products Marketing Act, I submit herewith the Annual Report of the Natural Products Marketing Council for 1984.

Respectfully submitted,

Fred Switzer, Chairman
Natural Products Marketing Council

Saskatchewan Natural Products Marketing Council Members

(as of December 31, 1984)

Mr. Fred Switzer, Chairman, Regina
Mr. Ken Rosaasen, Vice-Chairman, Saskatoon
Mr. Al Mulhern, Meyronne
Mr. Fred Stokes, Dubuc
Mr. J.F. Stueck, Balcarres
Mrs. Shirley Warden, Regina
(Mr. Dave Wiens, Waldheim, resigned effective November 15, 1984)

Staff

Mr. Terrence Scott, Secretary
Mr. Doug Winsor, Assistant Secretary

Council Office

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INTRODUCTION

Council's activities in 1984 included:

- Maintaining a positive relationship with boards and commissions;

- The review of proposals for a Pulse Crop Development Plan and a Broiler Hatching Egg Producers' Marketing Plan under the Act;

- Ensuring that existing boards and commissions operated within the terms of reference contained in their marketing plans; and

- Advising the Minister of Agriculture on marketing issues.

Council's mandate is to monitor the operations of marketing boards and commissions established under The Natural Products Marketing Act. The broad and substantial powers of marketing boards and commissions can produce benefits for producers and the general public as well. The interests of producers not involved in the plans, non-producers and society in general must be considered when board operations are being assessed.

Council remains concerned about the lack of opportunities for new entrants in the supply managed industries. The transfer of existing units and the issuing of new quota continue to be of interest to Council. While the Chicken Marketing Board has been able to achieve significant growth in Saskatchewan production which facilitated new entrants, chicken production in Saskatchewan remains low relative to consumption.

Of the commodities marketed by the boards and commissions, broiler chicken producers, turkey producers and egg producers enjoyed a very successful year. The Chicken Board enjoyed a combination of good prices and good demand as a result of an increase in chicken consumption in 1984. This increase resulted from the introduction of new chicken products in the fast food industry.

In 1984, The Natural Products Marketing Act was for the first time, used to establish a board not to market a farm product but to contribute to research, promotion and market development. This board is the Pulse Crop Development Board which collects a check-off on pulse crops marketed by Saskatchewan producers for purposes of research and industry development. This represents a new role for The Natural Products Marketing Act where producers democratically express their desire to have a check-off fund established for their product.

SUPERVISION OF MARKETING BOARDS AND COMMISSIONS

In 1984 the Natural Products Marketing Council was responsible to the Minister of Agriculture for the operation and administration of the following marketing boards and commissions under The Natural Products Marketing Act:

The Saskatchewan Chicken Marketing Board

The Saskatchewan Commercial Egg Producers' Marketing Board

The Saskatchewan Turkey Producers' Marketing Board

The Saskatchewan Pork Producers Marketing Board

The Saskatchewan Sheep and Wool Marketing Commission

The Saskatchewan Vegetable Marketing Commission

The Saskatchewan Pulse Crop Development Board

In order to fulfill its responsibility for the operation of these boards and commissions, Council engaged in the following activities:

1. The minutes of meetings of boards and commissions were reviewed;

2. Council representatives attended meetings of boards and commissions and reported back to Council;

3. Joint meetings of Council and directors of the Egg Marketing Board, the Sheep and Wool Commission, Chicken Marketing Board and the Pulse Crop Development Board were held;

4. Council members attended annual meetings of poultry marketing boards and regional meetings of the Pork Producers Marketing Board;

5. Council reviewed annual reports of the boards and commissions; and

6 Council met with the Minister to discuss and provide advice with regard to marketing boards and commissions.

The Natural Products Marketing Council reports that the marketing boards and commissions met their obligations under The Natural Products Marketing Act in 1984.

APPROVAL OF BOARD AND COMMISSION MARKETING ORDERS

Marketing boards and commissions exercise certain authorities granted to them by their marketing plans through marketing orders. These orders require Council approval. Council reviewed and approved the orders listed below in 1984:

Saskatchewan Commercial Egg Producers' Marketing Board

Order No. 26/84 - Quotas, Permits and Production Units
Purpose: Determines who is eligible for quotas, permits and production unit transfers.

Saskatchewan Turkey Producers' Marketing Board

Order No. 25/84 - Over-Quota Marketings, Levies and Penalties
Purpose: Replaces previous order, increasing overquota penalty from five cents per pound live to ten cents per pound live to be consistent with national agency penalties.

Saskatchewan Chicken Marketing Board

Order No 23/84 - Quota Transfer, Relocation, Allocation and Permits
Purpose: Sets rule for transfer of existing quotas, permits, allocation and relocation.

Order No. 24/84 - Operation Fees and Service Charges
Purpose: Prescribes procedure for setting fees and service charges.

Saskatchewan Sheep and Wool Marketing Commission

Order No. 23/84 - Check-Off
Purpose: To set check-off at one dollar per head on all animals marketed.

Saskatchewan Pulse Crop Development Board

Order No. 1/84 - Exemptions
Purpose: Provides for certain exemptions from check-off collection.

Order No. 2/84 - Registration of Buyers
Purpose: To outline how buyers register with the Board.

Order No. 3/84 - Registration of Producers
Purpose: To outline how producers register with the Board.

Order No. 4/84 - Levy and Levy Collection
Purpose: Sets the levy at one-half of one percent of gross value of pulse crops and establishes collection procedure.

NEW MARKETING PLANS REVIEWED IN 1984

Under The Natural Products Marketing Act, plans for new marketing boards are referred by the Minister of Agriculture to the Natural Products Marketing Council for review and recommendation. In 1984, Council acted on three new plans for the establishment of marketing boards.

Saskatchewan Pork Producers' Marketing Plan

Council held the vote required by the Act on the establishment of the Plan in 1983. Order-in-Council 59/84 dated January 11,1984 established the Pork Producers' Marketing Plan Regulations creating the Plan.

Saskatchewan Pulse Crop Development Plan

The Saskatchewan Pulse Crop Growers' Association submitted a request for a Pulse Crop Development Plan to the Minister of Agriculture in 1982, under The Natural Products Marketing Act. This proposed plan called for a non-refundable check-off on all Saskatchewan pulse crops marketed by producers. The check-off would not exceed one-half of one percent of gross sales. Buyers of pulse crops would deduct the check-off and remit it to a seven-person, producer elected Pulse Crop Development Board. The Board would use the funds to finance research, promotion, market development, and extension activities for pulse crops. The Board would not market pulse crops.

During 1983, the Council reviewed and studied the Pulse Crop Development Plan.

The mail ballot plebiscite on the question of establishing the pulse plan was held in April, 1984 asking producers "Are you in favour of the establishment of the Saskatchewan Pulse Crop Development Plan?" The results of the plebiscite were:

Number of valid ballots	277
Number of "Yes" ballots	184
Number of "No" ballots	93

Sixty-six percent of voting producers favoured the establishment of the new plan, giving the plan more than the sixty percent support required by The Natural Products Marketing Act for its establishment. Cabinet Order-in-Council 888/84 dated July 12, 1984 approved the Pulse Crop Development Plan Regulations establishing the plan.

Saskatchewan Broiler Hatching Egg Producers' Marketing Plan

The Saskatchewan Broiler Hatching Egg Producers' Association requested a marketing plan be established for broiler hatching eggs. This plan was reviewed by Council in 1984. The plan would create a producer-elected marketing board to market Saskatchewan broiler hatching eggs under a supply management system.

Council met with representatives of the Broiler Hatching Egg Producers' Association to discuss the purpose of the proposed plan. Council recommended to the Minister of Agriculture that the plan proceed to a vote of broiler hatching egg producers. The date for the plebiscite had not yet been set at year-end.

APPEALS UNDER THE ACT

The Natural Products Marketing Act allows any person aggrieved by a decision of a marketing board or marketing commission to appeal the matter to the Natural Products Marketing Council. The Council hears the parties involved, and makes a ruling on the appeal. Council received two appeals during 1984.

In January, 1984 the price of chicken established by the Chicken Board was appealed by one processor. In December, 1984 both chicken processors appealed the chicken price established by the Board.

In both cases Council urged both the Board and processors to meet and attempt to resolve the price dispute. These further negotiations resulted in the establishment of a price agreeable to both parties and a withdrawal of the appeal.

While it is Council's mandate and responsibility to hear price appeals, Council does not wish to become a price setting body. Council views its role as one of final arbitration where all possible price negotiations have failed. This course of action proved to work very satisfactorily in 1984.

BOARD AND COMMISSION OPERATIONS

The Saskatchewan Chicken Marketing Board

The Directors of the Saskatchewan Chicken Marketing Board for 1984 were:

Charles Stueck, Chairman, Abernethy
John Reddekopp, Vice-Chairman, Dalmeny
Ray Hayko, Director, Regina
Phil Stilborn, Director, Balcarres
Dave Keet, Director, Vanscoy
G.J. Novak, Manager, White City

The Saskatchewan Chicken Marketing Board, in conjunction with The Canadian Chicken Marketing Agency, regulates the quantity of chicken produced in Saskatchewan. The Saskatchewan Board sets the price of chicken through negotiation with poultry processors. The objective of the Board is to improve and stabilize producer returns by managing product supplies.

Producer Numbers

There were 65 producer licenses issued in 1984. Five transfers were approved by the Board, which involved a total of 52,130 broilers and 34,000 roasters.

Distribution of Quota Holdings

	January 1 1983	January 1 1984	January 1 1985
1,000 to 9,999	2	2	3
10,000 to 14,999	23	22	25
15,000 to 19,999	9	12	11
20,000 to 29,999	8	7	6
30,000 to 39,999	8	6	6
40,000 birds or more	9	9	9
Total Registered Broiler Growers	59	58	60
Roasters or Cornish Hens Only	6	5	5

The quota base is presently 1.4 million birds/cycle at 1.77 kg with six cycles per year.

Year	Type of Bird	No of Birds	Weight (kgs)	Ave. Bird Weight (kgs)
	Broilers			
1982		6,174,471	10,597,000	1.71
1983		7,016,100	12,150,000	1.73
1984		7,925,455	14,023,000	1.77
	Roasters			
1982		100,553	306,100	3.04
1983		115,580	352,700	3.05
1984		171,928	529,700	3.08
	Cornish Hens			
1982		-	-	-
1983		2,272	1,772	0.78
1984		88,408	83,617	0.94

Percent increase 1983-84: Broilers - 15.0%
Roasters - 50.0%

An arrangement with processors stimulated Cornish Hen production. Processing was done in Alberta. To acquire efficiencies in transportation the Board approved permit production to make full loads. Broiler size increased in 1984 due to the development of fresh markets. Roaster production showed a strong increase while at the same time surveys show lack of roasters on retail counters. The Board has been encouraging processors to explore interprovincial markets for roasters.

Total dollar value of chicken production from registered growers had a 25% increase--from $14.1 million in 1983 to $17.8 million in 1984.

Prices

Six price schedules were ratified by the Board in 1984 starting the year with $1.20/kg followed by changes effective February 27, $1.21 1/2; August 7, $1.23 1/2; November 5, $1.21 1/2; November 26, $1.19 1/2, finishing the year with a change December 17, $1.17 1/2. 1984 also saw the Board adopt a one price schedule for all categories of broilers in lieu of the six weight categories which were previously used in pricing.

Producer Levies

The 1984 checkoff stayed constant at 1.025 cents/kg of which CCMA's share is .2816 cents/kg. The checkoff produced $149,797.00 of which $41,123.00 was collected for CCMA.

Quota Allocation

January 1st producer quota was set at 100 percent basis a ten week cycle. On May 14 kills were adjusted down to 95 percent for a short period. A surge in demand increased quotas to 105 percent. The change-over to a six cycle year in July maintained production at 100 percent for the balance of the year. Preliminary figures indicate that Saskatchewan will fall short of the final CCMA allocation by 2.5 percent. Had the allocation remained at the original 14.2 million kilograms, Saskatchewan would have overproduced in 1984.

Producer Extension Program

The Saskatchewan Department of Agriculture provides core funding for the grower extension program operated for the three poultry boards by the Western College of Veterinary Medicine and the Department of Animal and Poultry Science at the University of Saskatchewan. Three regional seminars were held in 1984 and 39 registered producers took advantage of the seminars. The Chicken Board's share of funding in 1984 for the program was $5,750.

THE SASKATCHEWAN COMMERCIAL EGG PRODUCERS' MARKETING BOARD

The Directors of the Saskatchewan Commercial Egg Producers' Marketing Board for 1984 were:

Brian Reimer, Chairman, Eston
Stanley Fehr, Vice Chairman, Hague
Ted Wiens, Director, Regina
Harry Waddell, Director, Humboldt
Doug Mitchell, Director, Stoughton
Don Guenter, Director, Saskatoon
Everett Ritson, Manager, Regina

The Saskatchewan Egg Board, in conjunction with the Canadian Egg Marketing Agency, manages the quantity of eggs produced in Saskatchewan for the table-egg market and sets the price of eggs. The board's objective is to improve and stabilize producer returns.

Production and Marketing

The following table gives a historical record of the number of registered producers, along with their marketings and the value of those marketings:

Year	Producers	Marketed (million doz)	Value of Marketings ($ million)
1980	116	13.80	10.83
1981	104	14.27	12.70
1982	104	14.19	12.65
1983	100	14.21	12.93
1984	99	14.89	13.49

Quota Allocation

The total layer quota in the commercial flock was reduced to 701,116 layers January 1, 1984. The following table shows change in quota allocation by flock size in 1984:

Flock Size	Number of Producers	
	January 1, 1983	January 1, 1984
300- 500	2	2
501- 1,000	12	11
1,001- 3,000	21	20
3,001- 5,000	26	26
5,001-10,000	19	20
10,001 and over	20	20
	100	99

Promotion Activities

In 1984, the Egg Board supplemented media advertising undertaken by the Canadian Egg Marketing Agency, and participated in trade shows and restaurant promotions in order to increase table-egg consumption.

Producer Extension Program

The Board continued to participate in a producer extension program with Saskatchewan Agriculture, the Chicken and Turkey Marketing Boards, and the University of Saskatchewan. This program has been extremely beneficial to many egg producers in Saskatchewan by increasing their production, improving egg quality, and maximizing their profits.

THE SASKATCHEWAN TURKEY PRODUCERS' MARKETING BOARD

The Directors of the Saskatchewan Turkey Producers' Marketing Board in 1984 were as follows:

Jack Rynsburger, Chairman, Melville
Fred Kurulak, Vice Chairman, Biggar
Dennis Billo, Director, Bruno
Perry Kirkham, Director, Saltcoats
Don Teichrob, Director, Saskatoon
Fred Longstaff, Manager, Regina

The Saskatchewan Turkey Board participates in the Canadian Turkey Marketing Agency to manage the quantity of turkey produced in Saskatchewan. The Board also establishes the price at which turkeys produced in Saskatchewan are sold. The objective of the Board is to improve and stabilize producer returns.

Production and Marketing

The following table gives a historical account of registered producers, along with their production and the value of production:

Year	Producers	Production (tonnes evisc.)	Value Production (000's of $)
1978	26	3,636	$4,800
1979	25	3,892	4,800
1980	25	3,814	5,510
1981	26	3,382	5,800
1982	22	3,783	6,617
1983	22	3,730	6,266
1984	23	3,780	6,836

In 1984, total marketings by Saskatchewan producers were 3,779,901 kgs, with a total value of $6,835,796. Average producer price in 1984 was $1.50 per live kg, up from $1.38 in 1983.

The disposition of marketings on an eviscerated basis is shown in the following table:

		Kilograms	Percentage
In-Province	- Sask.	2 223 783	59
Out-of-Province	- Alberta	982 347	26
	- Manitoba	573 772	15
Total Out-of-Province		1 556 119	
Total Marketings in 1984		3 779 901	100

Summary for 1984

Year-end 1984 Canadian turkey inventories were the lowest of the last 20 years, suggesting a year of satisfactory returns at producer, processor and wholesale levels of the industry. Production costs eased somewhat as the year progressed allowing a reasonable return to the producer for marketings in the last half of the year.

Outlook for 1985

There will be little change in quota allocation from 1984.

Producers are concerned that their costs of production will rise disproportionately over Manitoba and Ontario due to the shortage of local feed grains.

THE SASKATCHEWAN VEGETABLE MARKETING COMMISSION

The Directors of the Saskatchewan Vegetable Marketing Commission in 1984 were:

William Childerhose, Chairman, Outlook

Eugene Johns, Director, Henribourg

Carl Larson, Director, Radville

Don Dabbs, Director, Saskatoon

Kim MacDougall, Director, Lumsden

Directional Change

The thrust of the 1984 year was to develop and present a new marketing plan to producers. The major changes suggested were for a producer-elected board with mandatory check-off to finance the board's activities.

Because of inadequate finances most activities of the Commission were handled by the Board. A Secretary-Manager was hired only on a limited per diem basis.

Information Services

All producers in the Province received price lists and news letters as they were published. There was no charge for these services.

Western Potato Marketing Agency

Dialogue between most of the provinces continued on this subject. The concept has broadened to include other Eastern provinces. No firm organization is yet in sight.

Starch Production from Industrial Potatoes

The final draft on the latest feasibility study will be complete shortly. In 1984 many aspects of a potential industry were studied. Each month of study brings more promising data and results for a viable conclusion.

Commission Office Operation

A new Secretary-Manager will not be hired until such time as a vote on the new plan is held. In the meantime the office will be kept open on a part-time basis with limited secretarial help and Board member participation.

THE SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

The Directors of the Sheep and Wool Marketing Commission for 1984 were:

Dale Donald, Chairman, Rockhaven
Colleen Sawyer, Vice-Chairman, Saskatoon
Leslie Flaig, Director, Tompkins
Ed MacCallum, Director, Swift Current
Donald Paterson, Director, Marsden
Larry Sothmann, Director, Elrose
Jim Koal, General Manager, Saskatoon

The Sheep and Wool Commission provides a marketing service for producers who wish to have the Commission market their sheep and wool. The Commission also administers a check-off on sheep and wool which is used to fund activities to promote and develop the sheep industry and pay the Commission's costs of operation.

Summary of Sheep and Lamb Marketings

The following is a summary of the marketings of the Sheep and Wool Commission in 1984, as compared with 1983 and 1982:

	1984	1983	1982
No. of Lambs Marketed	12,967	12,727	12,183
Average Gross Value per Head	$66.42	$63.37	$57.36
Average Selling Cost per Head	$5.41	$4.71	$5.12
No. of Sheep Marketed	2,605	2,673	2,063
Average Gross Value per Head	$27.67	$34.51	$31.39
Average Selling Cost per Head	$5.62	$5.38	$5.41

Summary of Sheep and Lamb Marketings (table continued)

	1984	1983	1982
Total No. of Sheep & Lambs Marketed	15,572	15,400	14,236
Total Gross Value	$933,358	898,823	$763,935
Total Selling Cost	$84,847	87,046	73,545
Average Selling Cost per Head	$5.44	$5.65	$5.16

Lamb Marketing

The number of lambs marketed through the Commission has increased slightly compared with 1983. The increase is the result of the Commission marketing on behalf of producers in 1984 who had not previously utilized the Commission's services.

One aspect of marketing lambs is the annual backlog which normally occurs in mid to late summer. This backlog did not occur in 1984. A 1984 severe spring storm destroyed approximately 17 percent of the U.S. breeding flock. The 1984 storm will also affect 1985 marketings. More locally, many lambs were sent to market much earlier in 1984, thus taking a great deal of pressure off the summer season. With a shortage of lambs the price did not fall as dramatically, and even started to move up in early fall and winter of 1984. Good prices for lambs were not reflected in the prices offered for breeding stock.

Wool Assembly

The Commission continues to co-operate with the Canadian Co-operative Wool Growers in assembly and shipment of wool. The price of wool in 1984 strengthened by approximately 12-15 percent compared to 1983. Producers received a subsidy payment for wool sold in 1983, but with the improved price in 1984, this subsidy is not likely to occur on 1984 sales.

Sheepman's Supplies

The Commission continued to stock sheepman's supplies for sheep producers. Sales of supplies declined in 1984.

THE SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

Following the producer plebiscite held in 1983, the Saskatchewan Hog Marketing Commission was replaced by the Saskatchewan Pork Producers Marketing Board by Order-in-Council on January 12, 1984.

From January 12, 1984 until elections were completed, activities of the Board were supervised by an appointed Provisional Board of Directors. The appointees were:

Richard Wright, Wawota, Region #1

Wayne Vermette, Kyle, Region #2

Ken Jamieson, Battleford, Region #3

Martin Bohrson, Hanley, Region #4

Garth Larson, Semans, Region #5

Roger Thibault, St. Benedict, Region #6

Lavern Voldeng, Naicam, Region #7

1984 Delegate Election Results

A total of 4,531 producers were eligible to cast ballots in the delegate mail-in vote conducted from March 5 to March 16, 1984. This total does not include the 481 eligible voters in Region #1 where the five candidates were declared elected by acclamation. Nine hundred and forty-six ballots (946) were returned.

Five producers were elected delegates in each of the seven regions in the election. The first Board of Directors was elected at the annual meeting held April 5, 1984. The delegates in each region elected one delegate to serve as director.

The directors for 1984 were:

Garth Larson, Chairman, Semans

Wayne Vermette, Vice-Chairman, Kyle

Richard Wright, Director, Wawota

Ken Jamieson, Director, Battleford

William Z. Neudorf, Director, Hague

Ken Wipf, Director, Aylsham

John Kirzinger, Director, Leroy

Jim Morris, General Manager, Saskatoon

The Board markets all hogs produced in Saskatchewan, provides production and marketing information to producers through the Board's regular newsletter, contributes toward research projects for hogs, promotes pork consumption and administers the provincial government's Saskatchewan Hog Assured Returns Program.

1984 Marketing Summary

Total marketings in 1984 of 769,371 head was an increase from 612,275 head marketed in 1983. The number of active production units and the total value of hogs also increased.

	1984	1983
Total Sales small plant transactions excluded)	769,371	612,275
Active Production Units	5,206	4,428
Gross Paid to Producers	$96,596,074.76	$71,901,947.50
Weekly Delivery Highlights		
High - week ending Oct. 7/83	17,954	14,290
Pool Price that Week	$ 68.30	$64.60
Low - week ending May 27/83 (excluding Christmas week)	9,246	9,205
Pool Price that Week	$65.45	$67.91
Average Weekly Deliveries	14,450	11,775
Grading Highlights		
Average Index (excluding 67's)	102.83	102.39
% Hogs Grading 102 and over	72.15	71.93
Average Hog Weight, Dressed, Pounds	175.66	171.90
Price Highlights		
Average Hog Price per cwt., dressed	$69.35	$68.54
High - Pool Price Week ending Jan. 28	$78.03	86.00
Low - Pool Price Week ending Nov. 18	$60.70	56.09
Average Sow Price (per cwt., dressed No. 1 heavy)	$49.50	$50.26
Average Gross Value per Hog	$125.25	$120.74
Boar Sales		
Number Sold	3,235	2,269
Total Value	$458,853.83	$333,304.71

Destination of Hogs

As Saskatchewan production increased and with heavy marketings in both Alberta and Manitoba, the need for new markets became increasingly evident. The United States was the logical choice and the Board continued to increase sales in this area. In 1984, 23.4 percent of Saskatchewan Hogs were sold in the U.S.; 69.3 percent were sold within the province; and 7.1 percent were moved to other Canadian provinces.

In addition to live hogs, the Board's Sales Department also recorded pork sales to the U.S. in excess of $13 million, and continuation of the custom sow slaughter program at Moose Jaw Packers with these carcasses moving into the Vancouver sausage market.

Grading

On January 1, 1984 the Board introduced a new producer settlement table. The new table discourages production of light hogs and encourages the production of heavier, exportable hogs by reducing the severe penalties long inherent in the federal grading table. As noted above the average dressed weight increased from 171.9 pounds to 175.66 pounds. Lights decreased substantially (from 20 percent in 1983 to 12 percent in 1984).

Marketing Forecast

Indications point to lower North American hog production and lower beef supplies which should improve the 1985 price picture. In 1985 Canadian hog production is estimated at 13,650,000 up approximately three percent, with most of the increase expected to materialize in the Western provinces. United States 1985 production is estimated between 77 and 79 million, down from four to six percent. U.S. 1985 beef production is estimated to be three to four percent below 1984. This anticipated reduced North American supply should have a positive influence on North American hog prices.

With increased Canadian production anticipated, export sales will have a correspondingly stronger influence on producer prices. Canadian pork exports to the U.S. increased from 258 million pounds in 1983 to 319.9 million pounds in 1984. The increase in U.S. sales, however, was offset by a 50 percent drop in sales to the lucrative Japanese market. Canada dropped from Japan's number one supplier in 1983 (93.2 million pounds) to number three in 1984 (48.6 million pounds).

Another important factor influencing hog prices is North American meat consumption patterns. Poultry consumption has now surpassed pork consumption in the U.S. and if current growth patterns continue, poultry will be challenging beef within two years. If North America red meat producers do not act immediately to combat this trend, hog prices must inevitably yield to flagging demand.

A price projection based on 1985 meat production and consumption estimates and historical data indicates an average 1985 hog price about $5 to $6 higher than 1984. First quarter prices should average in the $70 range; second quarter prices should average approximately $73; third quarter prices should peak at about $79; and fourth quarter prices should ease back down to the mid-$70's.

THE PULSE CROP DEVELOPMENT BOARD

The Pulse Crop Development Board administers a check-off on pulse crops of one-half of one percent of gross sales. The funds collected are used to finance research, promotion, market development and extension activities for pulse crops. The Board does not market pulse crops.

The Plan was established by Order-in-Council 888/84 on July 12, 1984 following a producer plebiscite.

The interim Directors of the Board in 1984 were:

Ron Blais, Chairman, Delmas
Don Tait, Elrose
Erle Peters, Laird
Ron McKinnon, Abernethy
Keith Jones, Sedley
Grant Carlson, Outlook
Ken Naber, Melfort

The Board is required to hold producer elections for directors within eighteen months of the establishment of the Plan.

Registration of Buyers

The Board began registering buyers and producers during the summer of 1984. As of December 31, 1984, nineteen buyers and processors had registered with the Board.

Levies Collected

Thirty-four thousand, nine-hundred and sixty-four dollars and seventy-nine cents in levies had been collected at year-end. A budget will be approved at the first annual meeting in 1985 which will determine how the funds will be allocated for pulse crop development.

NATIONAL MARKETING AGENCIES

The Natural Products Marketing Council is a signatory to federal-provincial agreements for chickens, turkeys, and eggs. National marketing agencies, consisting of producer representatives from each participating provincial commodity board, operate as a result of these agreements. The agencies manage the quantity of these products produced in Canada. The agencies include the Canadian Chicken Marketing Agency, the Canadian Egg Marketing Agency, and the Canadian Turkey Marketing Agency.

Each national agency allocates a Canadian quota among the participating provincial commodity boards, who in turn allocate their provincial allotments to individual producers within provincial boundaries. The national agencies target production to meet the market demand at a price which covers the average producer's costs and provides a reasonable return on investment. The Canadian Egg Marketing Agency prices eggs centrally, while the provincial commodity boards price chicken and turkeys.

As a signatory to each of the three federal-provincial marketing agreements, the Natural Products Marketing Council has duties relating to the operations of the national marketing agencies. Meetings of signatories to the agreements were held in 1984. Council representatives attended these meetings.

Canadian Chicken Marketing Agency (CCMA)

The Canadian Chicken Marketing Agency Signatories' Meeting was held on May 17-18, 1984.

Topics of discussion included a committee report on updating of base shares for the national plan. Since the national agency was established in 1979, there has been considerable growth in the production of chicken in Canada. One-third of quota allocated is above the original base divided among the provinces when the Agency was established. This large quantity of overbase quota is the subject of great controversy in terms of its division among the provinces. As a result, a committee was struck to make recommendations as to how the overbase quota could be converted into the permanent base quota allocated to the provinces. This would avoid having to deal with allocation of a huge overbase in setting each year's quota allocation.

The Committee recommended that each province be allocated a new base quota roughly in proportion to its previous five-year average total quota allocation. Unfortunately, this system penalized provinces like Saskatchewan which had just recently

obtained significant quota increases and would have left Saskatchewan with a relatively large amount of unprotected overbase quota. Saskatchewan adopted the position that each province's new base quota be an equal percentage of current total quota allocation. Several provinces objected to the Committee's proposed update procedure and no update was therefore achieved.

Also dealt with at the CCMA Signatories meeting was the question of converting from an eviscerated to liveweight reporting system for calculating overproduction and consequent penalties. Saskatchewan could not accept this changeover unless the conversion factor reflected the actual eviscerated-liveweight conversion rate for Saskatchewan birds. Application of a national factor would result in an implicit reduction in quota for Saskatchewan.

The Signatories dealt at length with a report by a Monitoring and Enforcement Committee which made recommendations to improve the system of managing product supply. Further discussions would occur on this topic as Signatories had difficulty agreeing on specific recommendations of the Committee.

The Canadian Egg Marketing Agency (CEMA)

The Canadian Egg Marketing Agency Signatories meeting was held on May 15, 1984.

A new Canadian egg pricing system was discussed. The new system was designed by the Agency in response to the National Council's concern that the existing formula results in the national weighted average price of eggs exceeding the national weighted average cost of production of eggs. The new proposal would establish a two-region approach with each province getting a price equal to provincial costs of production. CEMA would buy eggs at buy-back prices set in such a way as to ensure that eggs would move from areas of surplus to areas of need. Several Signatories voted against the proposal resulting in less than the unanimous consent needed to effect the change.

The method of converting the average price of eggs to a Grade A Large price was discussed as a result of accusations that the Grade A Large conversion was being used to increase the average price of eggs. No proposal for change was put forward as the CEMA argued that the conversion factor does not affect the overall price of eggs.

A discussion paper on changes to CEMA quota regulations was presented with a view to initiating discussions with Signatories to eventually amend portions of the regulations. Consultations will take place over the next year and the item will be on the agenda for the 1985 Signatories meeting.

When the federal-provincial agreement respecting the marketing of eggs was signed in 1973, the provinces of Newfoundland, New Brunswick and Prince Edward Island were given exemptions from quota cuts below base quota because they each had less than two percent of the Canadian production. The issue discussed at the Signatories meeting was whether this exemption should be removed. Some provinces felt that quota cuts should apply equally to all provinces; otherwise some producers are forced to cutback while others are not in the event of a quota cut. The three Maritime provinces were offered an increased amount of base quota in exchange for giving up the exemption negotiated in 1973. Not all these provinces were prepared to relinquish their exemption. The meeting resolved to table the issue for future consideration.

An amendment to the penalty procedure for overproduction by provincial commodity boards was addressed. The amendment would establish a $3/bird/month penalty for provinces allocating quota above provincial allotment, change the allowable quota utilization factor from 95% to 97% of provincial quota allocation, and provide for a phase-in for any quota cut imposed by the CEMA. This amendment received unanimous approval necessary for the amendment to be made. The amendment was circulated for signature of all Signatories to the federal-provincial agreement at a later date.

The Canadian Turkey Marketing Agency (CTMA)

The Canadian Turkey Marketing Agency Signatories meeting was held on May 16, 1984.

The CTMA presented a proposal to update their cost of production formula using a producer panel concept which would draw on representative producers from each province. This would reduce the need for conducting producer cost surveys. The cost of production formula is used as a guideline for setting turkey prices and may be used as a proxy for comparative advantage when allocating overbase quota amongst participating provinces as the turkey market expands. The producer panel concept was favoured by most signatories. Its implementation would not require an amendment to the federal-provincial agreement. Saskatchewan

expressed reservation about the ultimate use of the cost of production for allocating overbase quota due to inherent measurement problems associated with cost formulae.

The CTMA developed a formula for allocating overbase quota to the participating provinces as markets grow. The formula was a two-step one which would allocate the first 4.2 million kgs of overbase quota in such manner as to re-adjust provincial market shares to correct for inconsistencies in the quota base. Overbase quota above 4.2 million kgs would be allocated according to the following criteria with the indicated weightings:

Comparative Advantage of Production	40%
Growth of Population	45%
Increase in Consumer Demand	10%
Production Facilities in Existence	5%

No decision was made regarding this overbase proposal.

The CTMA proposed a permanent penalty system to deal with provincial boards producing in excess of their provincial allocation. The penalty system would involve the following penalties:

1. Any commodity board exceeding its provincial allocation in one period would have its allocation reduced by like amount the following period; and

2. A monetary penalty on production in excess of provincial allocation to be established by the CTMA and to be not less than 22 cents per kg.

The payment of penalties would be guaranteed by the commodity boards through posting of bonds and securities. Any penalty in excess of the amount of such bonds and securities would be due to the CTMA. The penalty system would provide for waiving of monetary penalties in disaster or other uncontrollable circumstances. An amendment to the federal-provincial agreement to establish the penalty system was circulated for signature by Signatories later in 1984 but had not been signed by all Signatories by year-end.

Special Meeting of Signatories

A special meeting of Signatories for all national poultry marketing agreements was held on May 16, 1984. This meeting discussed format for Signatories meetings as per a Committee Report on Signatories Meetings. Signatories agreed on decision rules for housekeeping motions but removed portions of the Committee Report which would have given large producing provinces excessive influence in determining what major policy proposals could be brought forward to Signatories meetings.